

It is becoming harder and harder for Washington and the mainstream media to ignore the ripple effect the collapse of the housing bubble is having on the economy. Inflation is up, cost of food is up, oil and gold are up, foreclosures are up, unemployment is up, government spending is at record highs, its seems that the only thing down is the value of the dollar. The middle and lower classes are getting squeezed as prices jump and wages stay flat. Though it is good that Washington is acknowledging the problem instead of sweeping it under the rug, I always get nervous at their ideas of solutions. A proper solution requires an honest, in-depth look at the root of the problem. What the government needs to stop doing is taxing Americans literally out of house and home in the wake of the housing debacle. We should not take money from taxpayers to bail out bad businesses. At the same time, we need to make sure that America can get back to work by easing taxes and regulations on good businesses and allow them to function and prosper. Also there a lot of tax cuts and tax reforms we could be making to ease the burden on the American people. I have many bills in Congress that address the high taxes Americans pay, but one in particular – my Tax-Free Tips Act – should be a no-brainer at a time like this. This legislation would exempt gratuities earned by service sector workers from income tax liability. A tip is a small gift and there is no contractual requirement to give it, yet if someone leaves a restaurant without tipping, the IRS will still estimate how much they should have been tipped and tax the waiter based on that, should they perform an audit. This is patently wrong. People working these jobs are the backbone of our economy, and they often support a family or put themselves through school on this money. They are already taxed on their base wages through withholding. They should not be taxed on tips. We do not need to put this kind of pressure on our service workers. To really fix the economy and get it back on track, though, a sea change, not a quick-fix attempt, is needed. I was very pleased and encouraged that on Friday the Wall Street Journal published my letter to the editor addressing some of our economic problems. The message is getting out because people are demanding answers. The American people are strong, resourceful, hard working and determined. Because of this we can get through these tough economic times, but our leaders need to understand how we got here in the first place. Continuing the same flawed policies that got us here will only prolong the agony.